

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 586 - SB 428

February 26, 2021

SUMMARY OF BILL: Expands eligibility for certain provisions of the Wastewater Facility Revolving Loan Fund (Fund) to include privately-owned, for-profit community wastewater treatment systems.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Pursuant to Tenn. Code Ann. § 68-221-1004 and § 68-221-1005:
 - The Tennessee Department of Environment and Conservation (TDEC), in conjunction with the Tennessee Local Development Authority (TLDA), administers a program for low cost loans to local governments for wastewater facilities;
 - The Fund consists of federal appropriations under the Clean Water Act, all receipts from the repayment of the loans, and the interest and earnings, with no part reverting to the General Fund; and
 - Such loans are available to counties, cities, state agencies, water and wastewater authorities, energy authorities, and utility districts.
- Based on information provided by TDEC, the current unobligated balance of the Fund is \$82,416,529.
- The proposed language would expand certain loan eligibility to privately-owned, for-profit community wastewater treatment systems which are regulated by the Tennessee Public Utility Commission (TPUC).
- Based on TPUC's Annual Report for 2019-2020, there are 20 privately-owned, for-profit water and wastewater treatment systems, of which 14 are assumed to be eligible to receive loans under the proposed language.
- Public Chapter 207 from 2015 expanded eligibility for receipt of loan funds from the Drinking Water Revolving Loan Fund (DWRLF) to include certain privately-owned, for-profit community public water systems. Prior to passage of Public Chapter 207, such loan funds were only available to local government entities.
- During the 2019 Public Chapter Review, conducted by Fiscal Review Committee Staff, it was determined that no privately-owned, for-profit entities had applied for a loan from the DWRLF between 2015 and 2019.

- Authorizing eligible privately-owned, for-profit entities to receive loans from the Fund will reduce the total amount of funds available to local government entities; however, due to the fact that expansion of eligibility of the DWRLF program yielded no participation by newly eligible entities, the limited number of applicable privately-owned, for-profit entities who could receive a loan from the Fund, and the unobligated balance of the Fund, it is reasonably assumed that even with the expansion of eligibility no local government entity seeking a loan from the Fund would be denied as a result of the expansion of the eligible entities.
- Expanding such eligibility will have no impact on the operation of the program.
- Any fiscal impact to state or local government is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

/jh